

Message Text

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ACTION PM-09

INFO OCT-01 EUR-25 NEA-10 ADP-00 MC-02 L-03 CIAE-00 INR-10

NSAE-00 RSC-01 DODE-00 EB-11 IGA-02 ACDA-19 COME-00

GAC-01 SS-15 NSC-10 OMB-01 RSR-01 /121 W

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R 111220 Z MAY 73

FM AMEMBASSY ROME

TO SECSTATE WASHDC 8695

INFO AMEMBASSY ANKARA

C O N F I D E N T I A L ROME 3714

E. O. 11652: GDS

TAGS: MASS TU

SUBJECT: HELICOPTERS FOR TURKISH JANDARMA

REFERENCE: A) STATE 86997; B) STATE 87021; C) ROME 2936

1. SUMMARY. FOREIGN MINISTRY OFFICIAL EXPRESSED DISAPPOINTMENT AND CONCERN WHEN INFORMED MAY 10 OF PROPOSED SALE THROUGH FMS OF BELL HELICOPTERS TO TURKISH JANDARMA. MFA ASKED IF US COULD RECONSIDER ACTION NOTING STRONG DESIRE FOR INDUSTRIAL COOPERATION WITH US FIRMS SUCH AS THAT OF AGUSTA WITH BELL, AGUSTA'S NEED TO EXPORT, AND POLITICAL IMPORTANCE WHICH GOI ATTACHES TO MATTER. END SUMMARY.

2. ON BASIS REFTELS EMBOFF MAY 10 INFORMED OFFICE DIRECTOR (LOPEZ CELLY) FOR EUROPEAN AND INDUSTRIAL COUNTRY ECONOMIC AFFAIRS IN FOREIGN MINISTRY' S ECONOMIC DIRECTORATE GENERAL OF US RESPONSE TO TURKISH REQUEST THAT WE QUOTE PRICE AND AVAILABILITY INFORMATION ON BELL HELICOPTER UNDER FMS. IN RESPONSE QUESTION WHETHER US DECISION FINAL, EMBOFF STRESSED THAT BEFORE PROCEEDING WE WOULD REQUIRE OFFICIAL GOT REQUEST, INCLUDING FOLLOWING: -) REQUEST THAT HELICOPTERS BE QUOTED ON SOLE SOURCE BASIS FROM BELL AND B) SUBSTANCE OF REASON WHY GOT WOULD NOT PURCHASE HELICOPTERS FROM AUGSTA/ BELL.

3. MFA OFFICIAL SAID THAT POTENTIAL HELICOPTER SALE TO JANDARMA WAS VIEWED AS MATTER OF GREAT POLITICAL IMPORTANCE WITHIN GOI AS WITNESS
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DIRECT INTEREST IN MATTER SHOWN BY PRIME MINISTER ANDREOTTI IN WASHINGTON. WHILE GOI FULLY AWARE OF FMS CLAUSE IN BELL/ AGUSTA LICENSE AGREEMENT, HE FELT US ACTION RAISED SERIOUS AND WORRISOME ISSUES.

4. SOURCE THOUGHT IT NATURAL THAT GOT MIGHT WELL PREFER BETTER TERMS AND CONDITIONS AND LOWER PRICE WHICH BELL COULD OFFER THROUGH FMS, BUT EXPRESSED DOUBT RE ASSERTION THAT POSSIBLY NEITHER U. S. BELL NOR AGUSTA WOULD OBTAIN TURKISH ORDER IF US DEFERRED TO AGUSTA, ARGUING THAT BELL HELICOPTERS IN QUESTION SEEMD SUPERIOR TO ANY AVAILABLE FROM FRENCH OR BRITISH. WHILE RECOGNIZING NON- BINDING NATURE OF LETTER OF INTENT GIVEN AGUSTA BY JANDARMA, MFA OFFICER SAID AGUSTA AND GOI HAD VERY MUCH HOPED SALE COULD BE CONSUMATED AND URGED THAT USG RECONSIDER PROPOSED ACTION.

5. EMBOFF SAID COMMENTS WOULD BE REPORTED TO WASHINGTON AND NOTED THAT MATTER ALSO TO BE DISCUSSED WITH ITALIAN EMBASSY WASHINGTON. ALSO POINTED OUT THAT WE NORMALLY DO NOT INVITE A SALE WHICH WOULD INFRINGE ON A COMMERCIAL LICENSE ARRANGEMENT; RESPONSE MADE THROUGH FMS ONLY IF FOREIGN CLIENT INSISTS ON DEALING ON GOVERNMENT- TO- GOVERNMENT BASIS.

6. ON MORE GENERAL PLANE, LOPEZ CELLY SAID AGUSTA VERY MUCH VALUES ITS COOPERATIVE RELATIONSHIP WITH BELL AND IS CONVINCED THAT TECHNICAL CAPABILITIES OF BELL HELICOPTERS ARE SUPERIOR. BUT ITALIAN MARKET IS VERY LIMITED AND EXPORTS ARE ESSENTIAL PARTICULARLY TO FOREIGN MILITARY AND QUASI- MILITARY CUSTOMS. IN POST- VIET NAM PERIOD HE EXPRESSED CONCERN THAT THE NEED TO PUSH U. S. BELL EXPORTS WILL RESULT IN INCREASINGLY STRONG PREFERENCE BY POTENTIAL GOVERNMENT PURCHASERS IN AREA OF AUGUSTA EXCLUSIVE RIGHT TO USE FMS CHANNEL RATHER THAN MAKE COMMERCIAL PURCHASE FROM AGUSTA. LOPEZ CELLY ALSO NOTED THAT THERE WAS ALWAYS PRESSURE TO DO MORE COOPERATIVE VENTURES WITH FRENCH RATHER THAN AMERICAN FIRMS, AND PROBLEMS SUCH AS PRESENT HELICOPTER SALE TO TURKEY, AND PAST SIMILAR CASES WITH IRAN AND MOROCCO, WOULD TEND ENCOURAGE THOSE WHO ADVOCATED INDUSTRIAL COOPERATION LIMITED TO CONFINES OF EUROPE.

7. COMMENT: STRONG ITALIAN REACTION WAS TO BE ANTICIPATED IN LIGHT OF PRIME MINISTER' S PERSONAL INTERVENTION ON SUBJECT OF CONFIDENTIAL

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AGUSTA HELICOPTER SALES TO THIRD COUNTRIES DURING HIS APRIL 18
SESSION WITH SECRETARY RICHARDSON AND THE SECRETARY' S SYMPATHETIC
ATTITUDE TOWARD THE PROBLEM. EMBASSY EXPECTS MATTER WILL BE
RAISED FURTHER BY GOI. WE HOPE WASHINGTON AGENCIES WILL RECONSIDER
POSITION (REFTELS) PARTICULARLY IF GOT UNABLE PUT FORWARD
CONVINCING
RATIONALE FOR REFUSAL DEAL WITH AGUSTA. WE ALSO WOULD APRECIATE
FURTHER INFO ON NUMBER OF HELICOPTERS INVOLVED AN
E E E E E E E

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